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# OPPORTUNITIES FOR TRADE WITH MEXICO

by

THE HONOURABLE DANA PORTER  
Minister of Planning and Development

*The Minister spent five days in Mexico City from  
November 30th to December 5th, 1946, to attend  
the inauguration of President Alemán, at the  
invitation of the Alemán National Committee.*

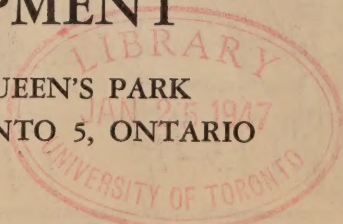


ONTARIO

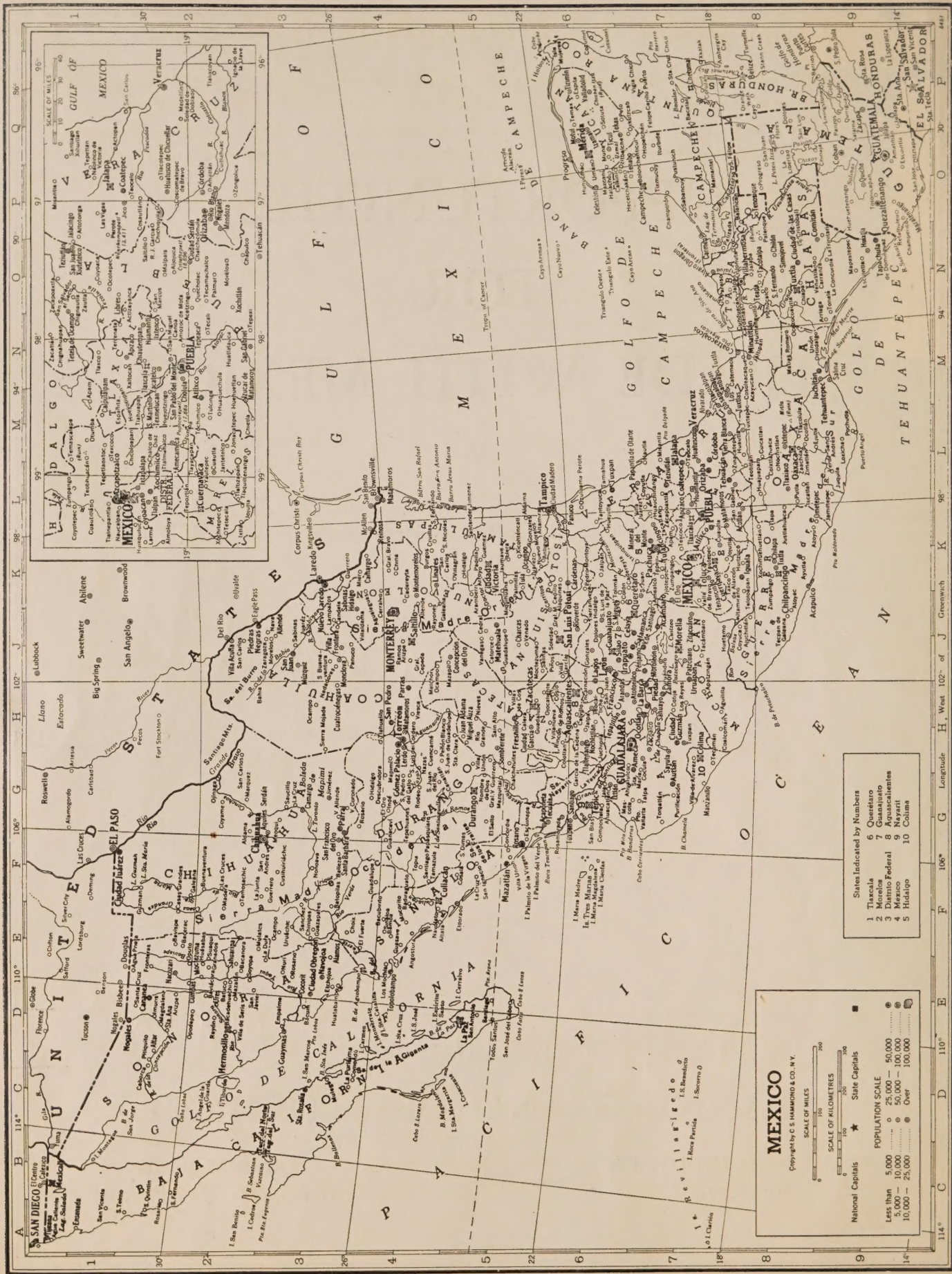
DEPARTMENT OF  
PLANNING AND DEVELOPMENT

TRADE AND INDUSTRY  
BRANCH

QUEEN'S PARK  
TORONTO 5, ONTARIO







States Indicated by Numbers

1	Tlaxcala
2	Guerrero
3	Guatemala
4	Veracruz
5	Chiapas
6	Yucatán
7	Quintana Roo
8	Baja California
9	Baja California Sur
10	Sinaloa

**MEXICO**

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SCALE OF MILES

SCALE OF KILOMETERS

National Capitals

State Capitals

POPULATION SCALE

Less than 5,000

5,000 - 10,000

10,000 - 25,000

25,000 - 50,000

50,000 - 100,000

100,000 - 250,000

250,000 - 500,000

500,000 - 1,000,000

Over 1,000,000



# Opportunities for Trade with Mexico

A passenger, leaving Malton Airport at one p.m. by plane, arrives in Mexico City at 9 a.m. the following day. During the early hours of the morning, the plane flies over mountainous country, spotted with farms. The impression is of neat geometrical patterns; the furrows, the arrangement of the sheaves of corn, the layout of the buildings. The Mexicans in all things are fond of geometrical patterns. The plane flies over a group of ancient pyramids, built in the time of an Indian civilization, long before the Spanish conquest. Mexico is to-day a blend of this ancient culture and the influence of Spain, with an injection of modern America.

Mexico City is situated on a plateau, 7750 feet above sea level. (It is the highest large city in North and Central America. There are three higher in South America—Bogota, Columbia, 8660 feet; Quito, Ecuador, 9500 feet; La Paz, Bolivia, 12400 feet.) Mountains surround it in the distance on every side. The thin sunlight after the chill of the morning warms moderately. Almost 2,000,000 people live there. Mexico, the country, is in area the third largest of the Latin American Republics. Its population of 22,000,000 is the second largest; it is the only one that borders the United States.

There may be controversy as to the degree of Mexican progress since the Revolution of 1910. At present there is an extremely low standard of living throughout the country, compared with our standards. In contrast with this, there is great wealth concentrated in the urban centres. The self-sufficient handicraft economy of the villages still exists. It still supplies the wants of a large proportion of the people. It provides the basis for a completeness of living. It is featured by a "wantlessness," a high sales resistance, a lack of desire for the things that a mechanical civilization can produce. On the other hand, there is a drift to the cities and towns. The growth of industry in Mexico is exerting its persistent influence upon the habits and the outlook of people. The Government is taking steps to attract and encourage industrial development. There is some difference of opinion as to the adaptability of Mexicans to mechanical processes. John B. Walker, assistant to the President of the United Air Lines (1944) has expressed his personal view emphatically. He states that Mexicans make superb pilots; they are natural born mechanics. Of the 22 air lines operated in Mexico, 20 are Mexican Companies. That there should be 22 air lines, and that 20 of them are Mexican, are both facts of no small significance.

The gradual spread of education will have its inevitable effect upon the outlook and the capacities of the Mexican people. The Government regards education of the utmost importance. The encouragement given to education has been in some respects along novel lines—adapted to the special local circumstances. One law typifies the original Mexican approach towards their special problems. It provides that every person who can speak Spanish must teach someone who cannot.

Measures in the interest of public health are slowly showing results. Conditions vary radically in different areas of the country. There is some evidence that the very high mortality rate is dropping. The birth rate is declining also. A law has been passed which obliges every physician, upon his graduation, to practise for two years in a village that has no resident doctor.

These changes have almost imperceptibly, but progressively taken place beneath the series of political crises that have beset the country since the revolution. It was thought in some quarters that under the regime of President Camacho (1940-1946) the revolution had reached a state of "equilibrium". The present Government of Miguel Alemán is formed on a broad basis. Alemán was nominated by Toledano, the leader of the Mexican labour movement. The Cabinet includes a number of men distinguished in various lines of activity including the law, industry and higher education. The present government consists of men fully aware of the needs of the country, and with the capacity to do a big job along sound lines. There is definite evidence of progress towards political stability. These changing conditions should exert their combined influence upon the expansion of the economy, resulting in the increase of purchasing power, and the stimulation of a general desire to buy a greater variety of goods.



## OPPORTUNITIES FOR TRADE WITH MEXICO

The war has accelerated these various trends in many respects. It has produced in particular a substantial increase in trade between Mexico and Canada. The following figures illustrate this,—

### FOREIGN TRADE — 1941

#### MEXICAN TRADE — GENERAL

	EXPORTS	IMPORTS
1941 .....	\$145,760,000.00	\$182,900,000.00
1942 .....	198,380,000.00	150,500,000.00
1943 .....	224,300,000.00	182,080,000.00
1944 .....	209,560,000.00	269,740,000.00
1945 .....	266,700,000.00	320,680,000.00

### TRADE WITH CANADA

#### DOMESTIC EXPORT TO MEXICO

1939-1945

1939 .....	\$3,003,750
1940 .....	4,328,406
1941 .....	4,254,767
1942 .....	5,583,644
1943 .....	8,329,614
1944 .....	6,272,758
1945 .....	8,165,058

#### IMPORTS FROM MEXICO FOR CONSUMPTION

1939-1945

1939 .....	\$ 478,150
1940 .....	733,797
1941 .....	1,896,412
1942 .....	4,970,432
1943 .....	12,503,263
1944 .....	13,119,399
1945 .....	13,508,165

### CANADA'S PRINCIPAL EXPORTS TO AND IMPORTS FROM MEXICO

1945

#### EXPORTS

1. Newsprint paper .....	cwt.	303,389	\$924,141
2. Sodium compounds and soda .....	cwt.	112,006	531,614
3. Copper wire insulated .....	.....	.....	359,994
4. Wood pulp sulphite unbleached .....	cwt.	86,728	356,804
5. Asbestos milled fibres .....	ton	3,799	315,661
6. Bars iron or steel .....	ton	1,578	313,367
7. Upper leather .....	sq. ft.	581,685	299,540
8. Cattle pure bred .....	no.	1,316	267,115
9. Fox skins, black and silver raw .....	no.	7,585	258,192
10. Electrical apparatus .....	.....	.....	241,205

#### IMPORTS

1. Sisal istle tampico fibre .....	cwt.	487,397	\$4,526,620
2. Raw cotton .....	lb.	3,692,081	2,524,943
3. Tomatoes, fresh .....	lb.	31,356,769	2,020,889
4. Green peanuts, shelled or not .....	lb.	10,208,306	1,412,851
5. Bananas fresh .....	stem	419,091	823,311
6. Rubber crude caoutchouc .....	lb.	860,939	299,235
7. Glucose or grape sugar .....	cwt.	27,057	264,488



## OPPORTUNITIES FOR TRADE WITH MEXICO

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These figures also illustrate that in most respects the Mexican economy is complementary to that of Canada. It produces many of the things that we cannot grow. Many parts of Mexico's most productive areas are tropical. There are possibilities of further development in tropical fruits, coffee, nuts and forest products. Of the estimated 15,000,000 petroleum producing acres, only 15,000 have yet been worked. There are undeveloped coal reserves in Coahuila, a northern province. There is iron ore in the adjoining province of Durango. There may be as yet obstacles in the way of commercial extraction and use of these resources. Nevertheless, a steel industry is well established in Monterrey.

Two vital factors in the trade position of Mexico should be noted. One-half of Mexico's total production consists of minerals and precious metals. Mexico is still the leading silver producer of the world. The rise in the price of silver has given a great lift to the whole economy. Fluctuations in this price have a drastic effect. The second factor is Mexico's trade dependence upon the United States. The destination of approximately ninety per cent of its exports is the United States. The origin of eighty-seven per cent of its imports is the United States. Mexico can strengthen its position by diversification of products and markets. The conditions are favourable for further development of trade between Mexico and Canada. The reputation of Canadian business stands high in Mexico.

There has been hesitancy on the part of some Canadian businessmen to consider business with Mexico. The revolutionary movement in that country has created the impression of instability. The expropriation of agrarian estates and oil properties has strengthened this impression. Some years ago certain Canadian banks and financial institutions withdrew from Mexico. There is, however, a long and involved history behind these movements and actions. They must be fully understood before any sound conclusions can be fairly drawn. There are many examples of trade relationships that have turned out favourably. One Canadian Life Insurance Company has carried on business in Mexico City since 1903. It has now outstanding \$3,000,000 of policies there and holds \$1,000,000 of mortgages on real estate in Mexico City. It has yet to experience a single default in payment of principal or interest.

A well informed person suggests that any firm contemplating business with Mexico should first send one of its high executive officials to explore the ground personally. It is also recommended that a careful study should be made of the whole background of Mexican development and conditions. (With this in mind, there is appended a list of references that may be useful for this purpose.) If business relationships with Mexico are built up with understanding and caution, they may well result in a profitable long term operation.

This Department has on file many letters from manufacturers throughout Ontario expressing interest in the possibilities of the Mexican market for their goods. The Mexican market is an opportunity that is coming well to the fore. There is a growing realization that if high production in various lines is to be maintained, export outlets must eventually be found. Mexico definitely provides one export market. Yet, the present inability to meet fully the demands of our own domestic market has postponed in most cases any definite move towards an export business.

Ontario businessmen must face this issue. Is it wise to wait? Should not the foundations for an export market in new lines of manufactured goods be laid now? Can we afford to sacrifice the opportunity entirely in the short run interests of immediate home demand? Should we not consider doing in some measure what the British are doing? Would this not be in the interest of our whole industrial economy in the long run? These are questions that each businessman must answer for the most part for himself. The time is now ripe, and the conditions are propitious for laying the basis of a sound export business with Mexico, (and with other Latin American countries as well). If this opportunity is allowed to slip, perhaps the present advantage will not easily be regained.



## OPPORTUNITIES FOR TRADE WITH MEXICO

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The Canadian Embassy in Mexico and the Department of Trade and Commerce have offices at—  
Chancellery—Edificio Internacional, Paseo de la Reforma No. 1, Mexico City.

The Ambassador—His Excellency Dr. H. L. Keenleyside.

The Commercial Counsellor—Mr. D. S. Cole.

Mexican Embassy in Canada—87 Sparks Street, Ottawa. Ambassador Extraordinary and Plenipotentiary. His  
Excellency, Dr. Francisco del Rio y Canedo.

Mexican Consul—E. M. Trejo, C. G., 507 Castle Building, Montreal, Quebec.

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*Extract from International Reference Service. (U.S. Department of Commerce) September, 1946, Volume 3, No. 38.*

### INDICATORS OF BUSINESS ACTIVITY

No statistics are available covering total retail sales in Mexico. At the end of 1943, automobile registrations included 91,774 private owned passenger automobiles; 38,604 of these were in the Federal District. When automobiles are again in free supply, these figures are expected to increase substantially despite the junking of numerous obsolete vehicles.

There were 112,751 telephone instruments in operation in the Federal District and 82,765 in the rest of the Republic in 1943. In the same year, telephone subscribers numbered 81,681 in the Federal District and 70,324 in the rest of the country. As in the case of automobiles, these figures do not reflect current demand, since new telephones have been virtually unobtainable during the war. The number of subscribers will rise rapidly as equipment becomes available.

Total production of electricity in 1944 was 2,750,000,000 kilowatt-hours. Residential contracts for electricity throughout the Republic numbered 500,295 in 1943. The number of radios in use in the country is estimated to be about 700,000. Domestic mechanical refrigerators in use are calculated at approximately 35,000, as of 1945.

The circulation of newspapers and magazines in 1943 totalled 391,910,523 copies, of which 301,359,396 were distributed in the Federal District. Theatre admissions in 1943 numbered 2,131,410 valued at 3,376,593 pesos (\$696,205), and motion-picture admissions came to 98,463,529 with a value of 67,918,122 pesos (\$14,003,736).

The seven bank clearing houses (Camaras de Compensacion) at Mexico City, Guadalajara, Monterrey, Tlaxcala, Mazatlan, Merida, and Hermosillo reported that total documents handled during August, 1945, were 746,215, valued at 1,765,644,000 pesos (\$364,100,000). Corresponding figures for January, 1945, were 685,379 and 1,607,257,000 pesos (\$331,400,000).

Construction in Mexico, and in the Capital in particular, has been increasing steadily. A wartime building boom starting in 1944 still continues, although at greatly inflated costs.

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### DETAILS OF DEMAND

The well-to-do classes in urban Mexico dress and live in much the same fashion as corresponding United States citizens in similar climates, and buy such imported luxury items as jewelry, watches, clothing, furs, shoes, china, glassware, cutlery, perfumery, wines, and liquors. The customs of the lower classes have little bearing upon imports since their purchasing power is so low.

Although Mexican cuisine differs considerably from that in the United States, the differences are unimportant for imports except in respect to such foodstuffs as olive oil and canned goods which are consumed by the upper classes, and such staples as wheat, corn, and lard which are sometimes in deficit supply.



## OPPORTUNITIES FOR TRADE WITH MEXICO

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### SOURCES OF INFORMATION ABOUT MEXICO

*(These are all available at the Legislative Library at the Parliament Buildings, Toronto.)*

#### PAN AMERICAN YEAR BOOK.

This is published by Pan American Associates, 1150 Sixth Avenue, New York City. This organization also publishes a monthly magazine "Pan American Magazine." The last available edition of the Year Book is 1945. This is an economic handbook and ready-reference directory of the Western Hemisphere including a special industries section, Who's Who in Inter-American Trade. It contains useful, basic factual information about each country.

#### AMERICAN ACADEMY OF POLITICAL SCIENCE ANNALS, 1940, Volume 208.

"Mexico Today." Seventeen good articles by different authorities on geography, social conditions, federal system, political leadership, labour movement, cultural activities, education communications, the agrarian movement, etc. These articles are highly informative and present a number of different points of view. This is published at 345 Walnut Street, Philadelphia 4, Pa., U.S.A.

#### MEXICO—A Study of Two Americas by Stuart Chase.

Published in 1932 by John Lane the Bodley Head Limited, of London, England. The Toronto agent is Thomas Nelson & Sons, 91 Wellington Street West. The author spent some months in Mexico studying the different phases of life. He gives a detailed and readable account of the handicraft economy and life in the villages. It also contains an outline of Mexican history. Many of the opinions expressed might be subject to some modification in view of developments that have taken place in the fifteen years since the publication of this book.

#### INTERNATIONAL CONCILIATION, 1938, No. 345 — "THE MEXICAN OIL PROBLEM."

Published by the Carnegie Endowment for International Peace. Division of Intercourse and Education, 405 W. 117th Street, New York 27, N.Y., U.S.A. It also contains correspondence between the Governments of Mexico and the United States with reference to compensation for agrarian expropriations.

#### HISTORY OF MEXICO by H. B. Parkes.

Published by S. J. Reginald Saunders, 84 Wellington St. West, Toronto.

#### BULLETINS OF THE PAN AMERICAN UNION.

These are issued monthly by the Pan American Union, Washington, D.C., U.S.A. December, 1943—Report of the Mexican American Commission for Economic Co-operation. October, 1946—Mexican Foreign Trade in 1945.

#### COMMERCIAL INTELLIGENCE JOURNAL.

Published by the Department of Trade and Commerce, Ottawa, Canada. February 16, 1946—"Trade Agreement between Canada and Mexico signed." July 6, 1946—Article by D. S. Cole on Trade between Mexico and Canada.

#### VITAL SPEECHES OF THE DAY.

Published by "Vital Speeches of the Day" bi-monthly. Their address is 33 West 42 Street, New York 18, N.Y. April 15, 1944—"Mexican Opportunities in Trade and Transport" by John B. Walker, Assistant to the President of the United Air Lines.

#### FORTUNE.

Their address is 350 Fifth Avenue, New York City, U.S.A. August, 1943—"Mexico—One Year at War."



## OPPORTUNITIES FOR TRADE WITH MEXICO

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### INTERNATIONAL REFERENCE SERVICE.

Volume 3—Number 38—September, 1946—Mexico—(Summary of Current Economic Information).

Volume 3—Number 47—October, 1946—Living and Office-Operating Costs in Mexico.

Volume 3—Number 51—November, 1946—"Establishing a Business in Mexico."

### INDUSTRIAL REFERENCE SERVICE.

*(U. S. Department of Commerce, Washington, D.C., available through Superintendent of Documents, Government Printing Office.)*

Volume 4—Part 1—Number 23—October, 1946—Part 1. Transportation and Public Utilities. The Railways of Mexico.

Volume 4—Part 3—Number 22—November, 1946—Part 3. Motion Pictures and Equipment. Motion-Picture Market in Mexico.

Volume 4—Part 6—Number 49—August, 1946—Part 6 Forest Products. Markets for Facial tissue, handkerchiefs, table napkins, toilet paper, and paper towels in Mexico.

Volume 4—Part 6—Number 50—Part 6 Forest Products Markets for Hard-pressed wallboard in Chile, Mexico, and Panama. September, 1946.

Volume 4—Part 6—Number 54—September, 1946—Part 6. Forest Products. Markets for paper bags in Mexico.

Volume 4—Part 6—Number 56—September, 1946—"Markets for Laminated Papers in Brazil, Cuba, Honduras, Mexico, Panama and Peru."

Volume 4—Part 8—Number 48—September, 1946—Part 8. General Products. Market for Tight and Slack Cooperage in Mexico.

### THE ANNUAL REGISTER.

A review of public events at home and abroad edited by M. Epstein. Published by Longmans Green & Co., 215 Victoria St., Toronto. 1937—Page 289; 1938—Page 311; 1939—Page 313. These all refer to the oil expropriations. This Annual Register generally contains some account of developments in Mexico during the year.

### BULLETINS OF THE IMPERIAL INSTITUTE.

Volume 38, 1940. Page 23. Published by the Imperial Institute, South Kensington, S.W.7, London. "Mexico Oil Industry after Expropriation."

### "THE CONQUEST OF MEXICO"—by William H. Prescott.

Three volumes. Published by J. M. Dent & Sons (Canada) Limited, 215 Victoria St. This is the classic account of the events leading to the Spanish occupation of Mexico in the Sixteenth Century. Although it may not have very much relation to current problems, it is interesting reading for any person who has visited the country.

### THE FORTNIGHTLY, December, 1946.

Published by the Fortnightly Review Ltd., at 4, 5 and 6 Soho Sq., London, W.1, England. Page 415. "Mexico and the Land" by Lilo Lenke. Personal observations of rural conditions and the progress of agrarian reform.